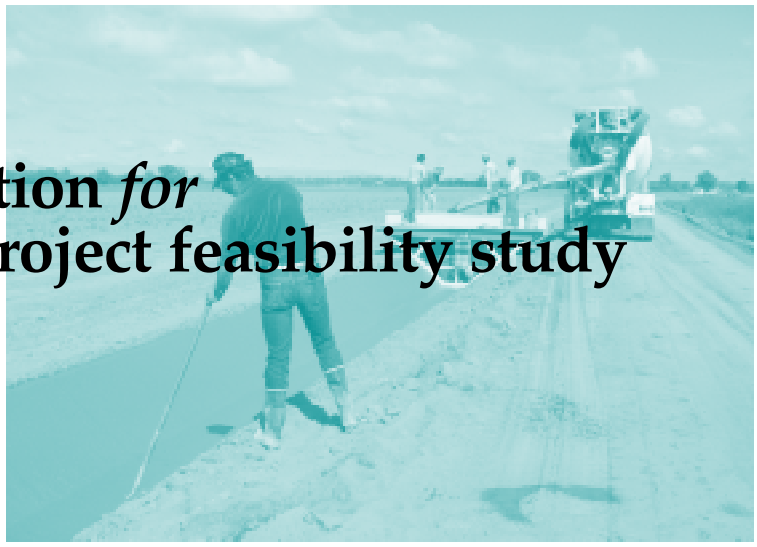
Safe, Clean, Reliable Water Supply Act



LOAN application *for* water conservation project feasibility study

California Department of Water Resources
Division of Planning and Local Assistance
Division of Fiscal Services

March 1998

Introduction

The Safe, Clean, Reliable Water Supply Act *(Proposition 204)* provides $25,000,000 for loans to assist local agencies in planning and constructing water conservation and groundwater recharge facilities to conserve water. The Bond Law establishes a limit of $750,000 *(three percent of the total)* for financing feasibility studies. A single study may receive up to $100,000.

The interest rate for these loans will be equal to one-half the interest rate that the State pays on the general obligation bonds sold to finance the program.

This application is only for those seeking a feasibility study loan.

Feasibility studies demonstrate whether a proposed project is feasible in its engineering, hydrogeologic, hydrologic, environmental, economic, and financial aspects. The results of these studies should provide the data necessary to develop a complete construction loan application.

A construction loan application may be used as a guide in preparing the feasibility study work plan. To get a copy of the construction loan application, call the Department of Water Resources *(DWR)* at 916/327-1775.

Applicants may not simultaneously request loans for both a feasibility study and project construction for a single project.

The applicant agency is responsible for repaying the feasibility loan. If the agency wishes to begin work before a contract is executed with DWR and obtain reimbursement for these costs, the agency must contact DWR at 916/327-1663 prior to incurring costs.

Agencies must submit the attachments identified and described in Parts A *(pages 7 to 19)* and B *(page 21)* of this application.

Table of Contents

General instructions

Who can apply?
Local agencies are eligible for loans. A local agency is any city, county, city and county, district, joint powers authority, or other political subdivision of the State involved in water management. The applicant agency will be responsible for repaying the loan.

Eligible water conservation projects may include but are not limited to:
- ► lining or piping canals or ditches,
- ► replacing mains,
- ► replacing or installing distribution system controls,
- ► repairing leaking reservoirs, or
- ► covering or lining open reservoirs.

Eligible water conservation projects may also involve:
- ► constructing re-regulating reservoirs to conserve already developed water,
- ► constructing pipelines to distribute recycled water for reuse,
- ► replacing leaking tanks,
- ► installing restricted-flow showerheads and ultra-low-flush toilets,
- ► constructing tailwater pumpback recovery systems, and
- ► improving on-farm irrigation system efficiency.

Projects that develop new water supplies *(such as constructing a new dam)* are not eligible for loans under this program, but may be eligible under the local projects program. Call 916/327-1775 and leave a message to obtain additional information regarding this program.

This application is only for those seeking a loan for a feasibility study of a potentially eligible project, as described above.

More detailed descriptions are provided in each relevant section of this application.

Completed applications will be evaluated on a "first come, first served" basis.

Help filling out the application
DWR needs specific information to evaluate your loan request. For help in completing the application, contact the following.

Questions about Part A should be referred to:

► Linda Buchanan Herzberg
Department of Water Resources
Division of Planning and Local Assistance
Sacramento
Telephone: 916/327-1663
Fax: 916/327-1648
E-mail: lbh@water.ca.gov

Questions about Part B should be referred to:

► David Rolph
Division of Planning and Local Assistance
Department of Water Resources
Sacramento
Telephone: 916/445-8259
Fax: 916/327-1648
E-mail: **drolph@water.ca.gov**

Submitting the application
The forms and attachments as described in this booklet are required for a complete application. Please submit three *(3)* copies of the application to:

► David Rolph
Division of Planning and Local Assistance
Department of Water Resources
P.O. Box 942836
Sacramento, California 94236-0001

Part A—Organizational, financial and legal information State of California, The Resources Agency, Department of Water Resources

A-1
Application cover sheet

Application for a loan for a water conservation project feasibility study under the Safe, Clean, Reliable Water Supply Act

The _____
(Exact legal name of agency applying for and repaying loan)

of _____
(Mailing address of agency)

_____

of the County of _____, State of California, does hereby apply to the California Department of Water Resources for a loan in the amount of $_____ for the following feasibility study under the Safe, Clean, Reliable Water Supply Act:

_____
(Specify feasibility study title)

Requested repayment term is _____ years *(not to exceed 5 years)*.

By _____ Date _____
(Signature of authorized representative, see Section A-4, page 11)

_____
(Print or type name of authorized representative)

Title _____

Telephone (_____)_____

Fax (_____)_____

E-mail _____

A-2
Agency representatives

Project contact person: Name _____

Title _____

Telephone (_____)_____

Fax (_____)_____

E-mail_____

Alternate contact person: Name _____

Title _____

Telephone (_____)_____

Fax (_____)_____

E-mail_____

Type of Organization: _____
(Water district, irrigation district, city, etc.)

California Assembly Representative: _____

District No. _____

California Senate Representative: _____

District No. _____

Attach a copy of agency charter and the names and titles of agency officers.

Mark as Attachment A-2.

A-3
Feasibility study cost

1) Prepare a proposed itemized feasibility study budget.

2) Provide financing information about the proposed feasibility study *(see below)*.

Mark as Attachment A-3.

Total cost of feasibility study: $_____

Amount to be funded under the Safe, Clean, Reliable Water Supply Act: $_____

Requested repayment term *(5-year maximum)*: _____
(Years)

Amount to be funded by the agency: $_____

Indicate agency's source of funds: _____

Amount to be funded externally: $_____
(Include any other pending applications)

Lender: _____

Amount: $_____

Interest Rate: _____ Percent

Term: _____ Years

Annual Payment: $_____

Lender: _____

Amount: $_____

Interest Rate: _____ Percent

Term: _____ Years

Annual Payment: $_____

A-4
Authorizing resolution

Include a resolution adopted by the agency's governing body authorizing the application for a water conservation project feasibility study loan under this program and designating a representative to sign the application. Appendix II on page 23 is a sample resolution format.

Mark as Attachment A-4.

A-5
Financial statements

Attach copies of financial statements for the last three fiscal years of agency operation. Be sure to include:

- ► balance sheets,
- ► income statements,
- ► sources and uses of funds statements, and
- ► the most recent annual budget.

Please provide separate detail for the Water Enterprise Fund.

Mark as Attachment A-5.

A-6
Cash reserves

List all cash reserves *(restricted and unrestricted)* and any planned uses of those reserves.

Mark as Attachment A-6.

A-7
Existing debt

Summary of all existing agency long-term indebtedness, including bonds and any pending indebtedness *(e.g., USDA Rural Development or EDA loans)*. If necessary, include additional pages.

Mark as Attachment A-7.

Lender:	Lender:	Lender:
Original Principal $_____	Original Principal $_____	Original Principal $_____
Purpose: _____	Purpose: _____	Purpose: _____
Original Date: _____	Original Date: _____	Original Date: _____
Original Terms:	Original Terms:	Original Terms:
Percent _____ Years _____	Percent _____ Years _____	Percent _____ Years _____
Annual Payment _____	Annual Payment _____	Annual Payment _____
Current Principal $_____	Current Principal $_____	Current Principal $_____
Remaining years to pay _____	Remaining years to pay _____	Remaining years to pay _____

Has this agency ever issued bonds or notes for debt? Yes ☐ No ☐
If yes, provide the following information for the two most recent issues:

Purpose	Purpose
(Check one) ❑ General Obligation ❑ Revenue Bond	*(Check one)* ❑ General Obligation ❑ Revenue Bond
Principal Amount $ _____	Principal Amount $ _____
Interest Rate True interest cost ☐ Net interest cost ☐	Interest Rate True interest cost ☐ Net interest cost ☐
Terms _____	Terms _____
Date of Issue _____	Date of Issue _____
Rating _____	Rating _____
Rating Agency _____	Rating Agency _____

How will the proposed DWR loan affect long-term and short-term financial capacity *(qualitatively/quantitatively)*? _____

_____

Current debt-to-income ratio: _____ *(Percent)* After proposed loan: _____ *(Percent)*

A-8
Repayment method

Indicate the agency's proposed method to repay the feasibility study loan:

❑ 1. Standby charges

❑ 2. Excess revenues

Source:

_____

_____

_____

❑ 3. Cost savings

❑ 4. User fees:
- ❑ Flat rate
- ❑ Quantity of water used

❑ 5. Assessments

❑ 6. Other:
(describe)

_____

_____

_____

If methods 1, 4, or 5 are to be used to repay the loan, include a plan to divide costs among the system users. Use dollar estimates.

Mark as Attachment A-8.

A-9
Loan security

Explain how the agency proposes to secure this loan if required to do so by the State *(dedicated revenues, assessments, etc.)*.

Cite statutory authority to use this method to secure loan.

Mark as Attachment A-9.

A-10
Rate and service structure

Attach the agency rate structure for the last three *(3)* years.

Mark as Attachment A-10.

Estimated average monthly water bill: _____

Residential Average month: _____	Agricultural Average month: _____ *(per acre-foot)*
Peak month: _____ 19____	Peak month: _____ 19____

Total possible nonagricultural connections in service area: _____

Number of undeveloped parcels in service area: _____

Number of developed residential parcels: _____

Number of developed commercial parcels: _____

Indicate the approximate number of actual connections for the date and year listed below:

Number of Connections

Year/Date	Residential	Other
12/31/Current Year (CY)		
12/31/CY + 1*		
12/31/CY + 2*		
12/31/CY + 3*		
12/31/CY + 4*		

* *Projections*

Volume of water delivered through system per year: _____

A-11
Population data *(not applicable for agricultural projects)*

Total population of service area that will repay the loan:

Year-round/Permanent: _____ As of: _____
(Date)

Seasonal/Part-time: _____ As of: _____
(Date)

Seasonal peak population: _____

Persons per household: _____
(If applicable)

Source of population data information:

_____

_____

Projected population:

Current Year + 5 _____ Current Year + 10 _____

Source of projected population information:

_____

_____

Household median income of water service area: $_____ As of: _____
(Date)

Source of household median income information:

_____

_____

What tax rate areas are included in the area to benefit from or pay for the project? *(This information is available from the county assessor.)*

_____

_____

County median income:
(Available from the county planning department)

Amount: $_____ As of: _____
(Date)

Source of county median income information:

_____

_____

Mark as Attachment A-11.

A-12
Agency authority

Have the agency attorney answer the following six questions pertaining specifically to this loan application. For each question, cite statutory authority or other references.

1. Does the agency have the legal authority to enter into a loan contract with the State of California, such as this application? _____ Yes _____ No

   Cite the statutory authority under which the agency may borrow funds for the purpose, amount, and duration requested.

   _____

   _____

2. What is the statutory authority under which the agency was formed and is authorized to operate?

   _____

   _____

3. Is the agency required to hold an election before entering into a loan contract with the State? _____ Yes _____ No

   Cite the statutory authority or other references.

   _____

   _____

4. Does the agency have the legal authority to levy assessments and/or charges sufficient to repay the proposed State loan? *(Also address Loan Security, Part A-9 on page 15.)*
   _____ Yes _____ No

   Cite the statutory authority or other references.

   _____

   _____

5. Will a loan agreement between the agency and the State of California be subject to review and/or approval by other government agencies? _____ Yes _____ No

   Identify all such agencies *(e.g., LAFCO, local governments, U.S. Forest Service, California Coastal Commission, Health Services, etc.)*.

   _____

   _____

6. Describe any pending litigation that impacts the financial condition of the agency or the operation of the water facilities. If none is pending, so state.

   _____

   _____

Mark as Attachment A-12.

Part B—Feasibility study work plan

The scope of the water conservation feasibility study must be clearly stated in the work plan. The completed study should:

- Identify problems and goals;
- Evaluate alternative means of meeting the problems and goals;
- Identify a project that will best meet the problems and goals;
- Determine engineering, hydrologic, technical, and institutional feasibility of the proposed project;
- Determine the economic costs and benefits of the project;
- Determine the environmental impacts of the project and any significant environmental issues it will raise;
- Determine whether the proposed project will comply with federal, state, and local laws, regulations and guidelines;
- Determine which permits are needed for the project, and how to obtain them;
- Determine whether the project is likely to be supported by the public it will serve; and
- Enable the agency to complete a Proposition 204 construction loan application for the project *(copy of construction application available)*.

A draft final report of the feasibility study will be submitted to DWR for review and comment. A final report will be required prior to final disbursement of loan funds.

B-1
Work plan

Provide a detailed work plan describing the tasks *(such as those described above, but in detail)* that you will undertake to complete the proposed feasibility study. This should include as much specific information as possible on the types of tests and analyses that will be performed, and the reports that you intend to produce as supporting documentation. Quarterly progress reports will be required, and should be included as a task. An outline of suggested work-plan elements is provided in Appendix III on page 24.

Mark as Attachment B-1.

B-2
Time schedule

Provide a time schedule for accomplishing the specific tasks in your feasibility study work plan. This should be realistic, especially if a number of preliminary studies must be accomplished before the feasibility study can be completed. DWR requires quarterly progress reports under this loan program, and they should be included on the time schedule.

Mark as Attachment B-2.

B-3
Description of project

Provide a detailed narrative description of the proposed project, including a discussion of the situation that has created a need for the project and the purpose of the project.

Mark as Attachment B-3.

Appendix I

Checklist of attachments

Part A—Organizational/financial/legal information

_____ A-1 Application cover sheet

_____ A-2 Agency representatives

_____ A-3 Feasibility study cost/budget

_____ A-4 Authorizing resolution

_____ A-5 Financial statements

_____ A-6 Cash reserves

_____ A-7 Existing debt

_____ A-8 Repayment method

_____ A-9 Loan security

_____ A-10 Rate and service structure

_____ A-11 Population data

_____ A-12 Agency authority

_____ Attachments A-1 through A-12

Part B—Feasibility study work plan

_____ B-1 Work plan

_____ B-2 Time schedule

_____ B-3 Description of project

_____ Attachments B-1 through B-3

Appendix II

Sample resolution

Resolution No. _____

Resolved by the _____
(Governing body, city council, or other)

of the _____
(Agency, city, county, or other)

that pursuant and subject to all of the terms and provisions of the Safe, Clean, Reliable Water Supply Act and amendments thereto, application by this

_____ be made to the California Department of Water
(Agency, city, county, or other)

Resources to obtain a water conservation project feasibility study loan.

The _____ of the
(Presiding officer, president, city manager, or other official)

_____ is hereby authorized and directed to
(Agency, city, county, or other)

prepare the necessary data, make investigations, sign, and file such application with the California Department of Water Resources.

Passed and adopted at a regular meeting of the _____
(Board of Directors, Supervisors, etc.)

of the _____
(Agency, city, county, or other)

on _____ .
(Date)

affix official seal here

Authorized Signature _____

Printed Name _____

Title _____

Clerk/Secretary _____

SAMPLE

Appendix III

Feasibility study work-plan outline

The goals and objectives of the water conservation feasibility study need to be specified in the work plan, including the problems to be addressed. Project alternatives will need to be identified.

The feasibility study should examine water conservation project alternatives from a hydrological, engineering, economic, environmental, institutional, and social basis. The completed study will provide information needed to enable the local agency to complete a water conservation construction loan application for the preferred project alternative.

The feasibility study workplan should do the following:

- Determine the purpose of the feasibility study; identify goals to be completed; define the scope of the study;
- Determine the scope and identify the goals of the proposed project;
- Evaluate alternative means of meeting the project goals;
- Review background information;
- Determine the engineering and hydrologic feasibility; define design criteria; develop dimensions; examine types of materials; consider construction methods; develop an estimated construction schedule; develop a construction inspection plan; define the service area; prepare a legal description as well as a project location map; evaluate constraints and requirements for easements, rights of way, land acquisitions; determine permit requirements; examine water rights;
- Quantify total annual water savings *(due to the reduction or elimination of water losses)*; demonstrate net water savings *(water lost to the atmosphere by evaporation and/or transpiration, percolated to a saline aquifer, or discharged directly to the ocean [no downstream users])*;
- Provide economic justification; determine the costs and benefits of the proposed project; develop an engineer's project cost estimate; determine the construction loan amount; calculate the value of the water to be conserved *(indicate methodology)*;
- Determine the environmental impact; examine the CEQA and NEPA requirements; if necessary, prepare an Initial Study for CEQA to determine if an EIR or Negative Declaration needs to be prepared; develop mitigation measures if needed; examine social and economic impacts;
- Determine whether the proposed project will comply with federal, State, and local laws, regulations, and guidelines;
- Determine public support and/or opposition to the proposed project;
- Determine ways in which the local agency can generate funds to finance the proposed water conservation construction project; and
- Develop a work-plan schedule which incorporates benchmarks for quarterly progress reports, a draft feasibility report, review of draft by DWR, and a final feasibility study report.